Saskatchewan Liquor and Gaming Authority

Annual Report for 2015-16

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Government of Saskatchewan

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Letters of Transmittal

The Honourable Don McMorris
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the annual report of the Saskatchewan Liquor and Gaming Authority (SLGA) for the fiscal year ending March 31, 2016. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act, 1997.*

The Government of Saskatchewan is committed to increased accountability, to honouring its commitments and to managing expenditures responsibly on behalf of Saskatchewan people. The annual report measures progress against the commitments outlined in SLGA's 2015-16 Plan.

The 2015-16 financial statements show a total comprehensive income of $505.1 million. SLGA will continue to deliver the Government's commitments to the people of Saskatchewan and be a positive contributor to the growth and prosperity of the province in the years ahead.

Don McMorris
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Barry C. Lacey
President & CEO
Saskatchewan Liquor and Gaming Authority

The Honourable Don McMorris,
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

May it Please Your Honour:

I have the honour of submitting the annual report of the Saskatchewan Liquor and Gaming Authority for the fiscal year ending March 31, 2016.

On behalf of SLGA, I acknowledge responsibility for this report and am pleased to provide assurance on the accuracy, completeness and reliability of the information contained within it. I also acknowledge responsibility for the financial administration and management control of SLGA.

This annual report highlights SLGA's many achievements in 2015-16 and reflects another successful year for the organization.

Barry C. Lacey, CPA, CA, CMA
President & CEO
Saskatchewan Liquor and Gaming Authority

Introduction

This annual report for the Saskatchewan Liquor and Gaming Authority (SLGA) presents SLGA's results for the fiscal year ending March 31, 2016. It provides results of publicly committed strategies, key actions and performance measures identified in the *SLGA Plan for 2015-16*. It also reflects progress toward commitments from the Government Direction for 2015-16: *Keeping Saskatchewan Strong*, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, throne speeches and other commitments and activities of SLGA.

The annual report demonstrates SLGA's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

SLGA's activities in 2015-16 align with Government's vision and four goals:

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

- **Sustaining growth and opportunities for Saskatchewan people**
- **Meeting the challenges of growth**
- **Securing a better quality of life for all Saskatchewan people**
- **Delivering responsive and responsible government**

Together, all ministries and agencies support the achievement of Government's four goals and work towards a secure and prosperous Saskatchewan.

Overview

SLGA's Mission Statement

We serve Saskatchewan people with excellence, contributing to economic growth through the socially responsible distribution and regulation of liquor and gaming products, directly and with our partners.

The Saskatchewan Liquor and Gaming Authority (SLGA) is a Treasury Board Crown Corporation. As part of its core line of business, SLGA is responsible for the distribution and regulation of liquor and gaming products across the province. SLGA achieves its mandate through socially responsible, fair and effective services at offices in Regina and Saskatoon, a liquor distribution centre in Regina and a network of 75 liquor stores in 60 communities throughout the province. SLGA also partners with 188 franchises throughout the province and four full-line private stores; two in Saskatoon and two in Regina. SLGA continues to partner with approximately 442 off sale outlets in Saskatchewan. In addition, SLGA regulates all liquor-permitted premises in the province.

SLGA directly manages the majority of the province's electronic gaming machines, including the province's network of video lottery terminals (VLTs) and the slot machines at First Nations casinos. SLGA also plays an important role in regulating the province's eight casinos, including six First Nations casinos operated by the Saskatchewan Indian Gaming Authority (SIGA) and two casinos operated by SaskGaming. Most other forms of gaming are licensed and regulated by SLGA including bingos, raffles, breakopen tickets, Texas Hold'em poker and Monte Carlo events, as well as the provincial horse racing industry.

SLGA employs 933 staff throughout the province. The majority are staff who work in SLGA stores.

SLGA operates under *The Alcohol and Gaming Regulation Act, 1997* with several partners and stakeholders as shown in Appendix B.

SLGA has five divisions:

- The Liquor Store Operations Division manages and oversees SLGA's 75 liquor stores in 60 communities across Saskatchewan.
- The Partnerships and Supply Management Division manages SLGA's liquor and gaming partnerships and is responsible for service excellence across the organization. The division manages liquor pricing and procurement processes including transportation, product listings, customs and excise, marketing and merchandising, special orders and the distribution centre. In addition, the division has oversight of SIGA operations and manages the province's VLT program.
- The Regulatory Services Division is responsible for the licensing, inspection and monitoring of liquor and most gaming activities in the province. The division manages the charitable gaming grant program, is responsible for horse racing and provides community information and education seminars.
- The Corporate Services Division is responsible for policy and legislation, privacy/freedom of information, social responsibility, information technology, internal audit services, human resources, payroll, organizational development and employee health and safety.
- The Performance Management Division is responsible for financial services, strategic planning and reporting, performance management, risk management, enterprise portfolio management, program review and continuous improvement.

Progress in 2015-16

Government Goals

Sustaining growth and opportunities for Saskatchewan people
Meeting the challenges of growth
Securing a better quality of life for all Saskatchewan people
Delivering responsive and responsible government

Strategic priority from the *Saskatchewan Plan for Growth*: fiscal responsibility to support growth; financial performance.

SLGA Goal

Ensure SLGA's net income meets or exceeds budgeted payment to the General Revenue Fund (GRF). (Previously referred to as the Core Operational Plan).

Strategy

Improve liquor net income.

Key Actions and Results

- ⇨ SLGA's growth in the volume of liquor sales is due in part to the support of the craft beer market and two marketing programs: DrinkSask and Great Buys. Craft beer sales continue to grow within the province. To meet the demand of customers, SLGA stores are increasing their product selection of craft beer. The DrinkSask program focuses on promoting the growing number of Saskatchewan made products available in SLGA liquor stores by featuring dedicated shelving displays and other promotional material. Buying local supports the province's growing craft industry and *Keeps Saskatchewan Strong*. The Great Buys program consists of five featured products with a discounted price for the customer. The products change every four weeks and suppliers benefit from having their product prominently displayed in the majority of SLGA stores. These programs help to increase liquor sales and will continue next year.
- ⇨ In 2015-16, SLGA opened a new distribution centre and two full-line private liquor stores bringing the total to four full-line private stores operating in the province. The new distribution facility and private stores are supporting growing volumes, providing Saskatchewan people with increased product selection and improving efficiencies and customer service.

Strategy

Improve gaming net income.

Key Actions and Results

- ⇨ SLGA implemented changes to the VLT program to generate revenue and increase efficiencies. Games with a higher minimum wager and a higher win amount were introduced during 2015-16. These new games are well received by players and rank among the top games played. Amendments made to the distribution of VLT machines allow for machines to be moved from an establishment where demand is low to an establishment where demand is higher. These changes increase VLT revenues, increase commissions to VLT site operators and net income.

Performance Measures

Comprehensive Net Income (CNI)

SLGA CNI is generated from three primary areas: liquor sales, VLT activity and slot machines in SIGA operated casinos. SLGA CNI is deposited to the GRF to provide funding in support of government programs and services. In the last five years, SLGA has provided over $2 billion to the GRF; four of the last five years SLGA's CNI has exceeded budgeted amounts.

Fiscal Year	Budgeted CNI	Actual CNI
2015-16	$500.0M	$505.1M
2014-15	$491.8M	$488.0M
2013-14	$491.8M	$494.5M
2012-13	$439.9M	$478.4M
2011-12	$422.0M	$463.5M

Source: SLGA

Liquor Sales

Liquor sales have grown steadily over the past five years. This growth has been driven by a combination of new product introduction, volume and supplier price increases and changing consumer preferences towards specialty and higher priced products. Saskatchewan's growing population and the addition of private stores during the year also contributed to growth in this sector. In 2015-16, all four categories of alcohol (wine, refreshment beverages, spirits and beer) had an increase in sales.

Source: SLGA

VLT Revenue and Site Commission

The number of VLTs in the province is capped at 4,000. SLGA owns all of the VLT machines and contracts with the Western Canada Lottery Corporation (WCLC) to support and maintain the VLTs. Gross VLT revenue reflects the amount of VLT activity prior to payment of operating expenses and commission. SLGA supports local businesses through a 15 per cent VLT site commission paid to liquor-permitted establishments that host VLTs.

In 2015-16, VLT revenue declined largely due to the popularity of progressive jackpots/Saskatchewan Roughrider themed slot machines at SIGA casinos as well as an overall decline in commodity prices, resulting in less disposable income for gaming activities.

Fiscal Year	Gross VLT Revenue	VLT Site Commission
2015-16	$240.9M	$36.1M
2014-15	$245.9M	$36.9M
2013-14	$239.1 M	$35.9 M
2012-13	$223.2 M	$33.9 M
2011-12	$226.4 M	$34.4 M

Source: SLGA

SIGA Net Income

As required by section 207 of the *Criminal Code of Canada*, SLGA owns the slot machines located in SIGA casinos. The net income generated by SIGA is distributed according to the revenue sharing formula in the 2002 Gaming Framework Agreement (GFA), between the Province and the Federation of Saskatchewan Indian Nations (FSIN).

Under the revenue sharing formula, the GRF retains 25 per cent of SIGA's net profits, after defined payments, in support of broader provincial objectives. The remaining 75 per cent is distributed back to First Nations communities via the First Nations Trust (FNT) and Community Development Corporations (CDCs). The FNT supports economic and social development, justice, health, education, culture and other First Nations initiatives. The CDCs fund similar initiatives among First Nations and non-First Nations organizations in and around the communities where the casinos are located.

Under the GFA, payments are made from SIGA profits to Indigenous Gaming Regulators Inc. ($3.3 million in 2015-16) to support its work in regulating charitable gaming on-reserve, and the First Nations Addictions Rehabilitation Foundation ($2.25 million) for problem gambling services. After deducting operating expenses, SIGA's net income rose to $87.1 million in 2015-16. SIGA attributes the gain to an increase in slot activity for its Smoke Signals progressive jackpot and Saskatchewan Roughrider themed machines.

SIGA Net Income				
2011-12	2012-13	2013-14	2014-15	2015-16
$79.2 M	$86.8 M	$82.3 M	$82.8 M	$87.1M

Source: SLGA

Profit sharing is based on net income prior to the accounting adjustment made for an interest rate swap ($86.3 million in 2015-16).

Government Goals

Sustaining growth and opportunities for Saskatchewan people
Meeting the challenges of growth
Securing a better quality of life for all Saskatchewan people
Delivering responsive and responsible government

Strategic priority from the *Saskatchewan Plan for Growth*: building a better quality of life for Saskatchewan people; social responsibility.

SLGA Goal

Protect minors and other vulnerable groups with respect to the use of alcohol and gaming products.

Strategy

Improve frequency of ID checking and refusal of service to intoxicated individuals.

Key Actions and Results

- ⇨ SLGA explored the feasibility of implementing programs that work with licensed premises to help address compliance issues related to impaired drivers. The program is to be piloted in Saskatoon during 2016-17. This program will work with the local police to determine where impaired drivers had their last drink. Information will then be shared with SLGA which can work with the establishment to provide education on preventing impaired drivers. This program is designed to keep the citizens of Saskatchewan safe and encourage the responsible use of alcohol.
- ⇨ Staff at SLGA stores record, on the Point of Sale system, every time they ask a customer for identification, as well as if they refuse service to a customer for insufficient identification or appearing intoxicated.
- ⇨ SLGA has adopted mandatory server intervention training as a tool to ensure the responsible service of alcohol. *Serve It Right Saskatchewan* (SIRS) is a course designed to help curb underage drinking, reduce overconsumption, impaired driving and the risk of violence in and around liquor permitted premises. The mandatory training is being phased in over three years with a goal that by June 30, 2018 all employees involved in the sale and service of alcohol in licensed establishments have completed the SIRS course.

Strategy

Implement liquor and gaming responsible use training and assessment tools.

Key Actions and Results

- ⇨ Responsible use of SLGA products can be encouraged by all SLGA employees. During 2015-16, SLGA planned to implement liquor and gaming responsible use training for all SLGA employees. Priorities in other areas prevented the training from occurring during the year. However, SLGA does have an agreement in place for the development of training, and will re-evaluate the ability to provide training in 2016-17.

Strategy

Conduct awareness and education workshops with commercial permittees and other organizations to increase knowledge and compliance.

Key Actions and Results

- ⇨ The Public Safety Compliance Team (PSCT) is part of a program that encourages permittee compliance with policy and regulations. The PSCT is a multi-agency team of municipal and provincial agencies that is established to ensure a safe environment for staff and patrons of all licensed premises, events and/or facilities in a community. The team's focus is on prevention, education and enforcement of legislation, regulations and bylaws. As well, the program focuses on involving the hospitality industry in the process of reducing alcohol related violence and social problems within the community. This program is now in place in Prince Albert and the Battlefords.

- Education programs for commercial permittees and charitable gaming licensees can increase compliance with liquor and gaming policy and regulations. In 2015-16, SLGA began development of an education program to be delivered to licensees. A framework for the content of this program has been developed and potential delivery options are being reviewed. Having licensees comply with policy and regulations leads to responsible use of liquor and gaming products.
- SLGA continues to partner with Saskatchewan Government Insurance (SGI), government organizations, national groups and industry stakeholders to deliver provincial responsible use campaigns:
  - SLGA worked with the Ministry of Health, the Prince Albert Mobile Crisis Unit and the Saskatoon Crisis Intervention Service to transition from three helpline providers to a single provider helpline, located in Regina, to improve service and reduce costs.
  - SLGA and WCLC worked together to provide the Canadian Mental Health Association with a VLT for use at a responsible gaming event to help dispell myths.
  - SLGA provided funding to the Saskatchewan Prevention Institute and FASD Saskatchewan to promote awareness of Fetal Alcohol Spectrum Disorder.
  - SLGA continues to provide Mothers Against Drunk Driving (MADD) with funding for the delivery of its School Assembly Program to raise awareness of the consequences of drinking and driving.
  - SLGA continues to create awareness and generate revenue to fund local MADD and Students Against Drinking and Driving (SADD) activities through MADD's Automated Teller Machines in select SLGA liquor stores in Regina and Saskatoon.
  - SLGA, SGI, MADD, SADD and law enforcement agencies continue to support the Report Impaired Drivers (RID) program.

Performance Measures

Regulatory Services Measures

SLGA's regulatory framework supports the socially responsible sale and distribution of liquor and gaming products and services. In 2015-16, SLGA issued 2,065 commercial liquor permits, 17,426[1] special occasion permits and 4,554 charitable gaming licences. Issuing permits and licences helps to ensure the integrity of operators and operations and provides clear expectations to operators for how these products and services are offered.

SLGA administers and enforces the laws and regulations pertaining to the province's liquor and gaming sectors. SLGA registers all gaming employees in the province, as well as industry suppliers. In 2015-16, SLGA registered 3,360 gaming employees and 98 suppliers.

Inspections Resulting in Sanctions

SLGA works in collaboration with law enforcement authorities and other regulatory agencies to ensure greater effectiveness and efficiency in monitoring both liquor and gaming activities throughout the province. SLGA also conducts comprehensive site inspections and investigates complaints. In 2015-16, SLGA imposed 275 sanctions, including 69 liquor-related sanctions, 170 charitable gaming-related sanctions and 36 horse racing sanctions. Sanctions include warnings, suspensions and fines.

ID Check/Refusal at Point of Sale

SLGA's Check 25 program requires SLGA employees selling beverage alcohol to ask customers that appear 25 years of age or younger for identification (ID) as proof of their age. As part of ensuring customers consume alcohol products responsibly, SLGA employees also refuse service to individuals that appear intoxicated. In 2015-16, the first full year SLGA tracked asks and refusals, 428,153 customers at all of SLGA's 75 liquor stores were asked for ID, 10,292 of which were refused service. As well, 6,780 SLGA liquor store customers were refused service for appearing to be intoxicated.

The actions and measures are designed to ensure the integrity of the liquor and gaming sectors in the province within a legal framework, that is both fair and responsible.

[1] *SLGA made a change to the reporting of this number from the prior years to reflect the total number of permitted days that occurred in the year.*

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priority from the *Saskatchewan Plan for Growth*: increasing Saskatchewan's competiveness; customer service excellence.

SLGA Goal

Provide responsive and high quality services that consistently exceed customer expectations.

Strategy

Design and implement service standards.

Key Actions and Results

- ⇨ As part of determining customer expectations and satisfaction levels with SLGA products and services, SLGA established draft service standards for three customer groups in 2015-16. These standards were co-designed and validated with the customers to be certain of their expectations. Standards will be developed for all customers and serve as a baseline for SLGA to provide service that exceeds the customers' expectations.

Strategy

Improve service by creating an engaging and satisfying customer experience.

Key Actions and Results

- ⇨ In 2015-16, SLGA enhanced its customer service training for liquor store employees by delivering customer service training in conjunction with product knowledge training. Standard customer service training material is created and made accessible for all employees, in order to help to provide a consistent service that meets the standards customers expect and provide a satisfying experience for SLGA customers.
- ⇨ Part of a satisfying experience for a customer is being aware of available products. During 2015-16, SLGA stores employed different methods, signage and product placement, to increase customer's awareness of new product offerings. This raised awareness with customers of new products that they may like to purchase during their visit to a SLGA store.
- ⇨ As technology advances, customers expect enhanced online services. SLGA is continuing work on a project that will provide customers with increased online services such as completing online applications for special occasion permits, charitable gaming licences and horse racing registrations. Implementation is planned for 2016-17, and will allow SLGA customers to conduct certain business activities with SLGA from an electronic device.
- ⇨ During 2015-16, the results of the public consultation on the future of the province's liquor retail system were released to the public. The Government announced that it will move to an expanded private retail system for liquor sales. Under this model, Saskatchewan residents will see more choice, more convenience and more competitive pricing through fewer government liquor stores and more private liquor stores. In addition, all liquor retailers will transition to a level playing field in regards to wholesale pricing, hours of operation and selection of product. The transition to this model is planned for 2016-17.

Performance Measures

Customer Satisfaction

Customer satisfaction is an important indicator of the quality of SLGA's programs and services. In 2010-11, SLGA conducted both online and telephone liquor store satisfaction surveys in tandem to facilitate transition to an online survey model. The 2010-11 online survey results will be used as a benchmark for the customer satisfaction survey planned for 2016-17. In 2015-16, draft service standards were established for a select number of customer groups. These standards will form a baseline for customers' expectations that SLGA will measure their service against.

Government Goals

Sustaining growth and opportunities for Saskatchewan people
Meeting the challenges of growth
Securing a better quality of life for all Saskatchewan people
Delivering responsive and responsible government

Strategic priority from the *Saskatchewan Plan for Growth*: increasing Saskatchewan's competiveness; strong partnerships.

SLGA Goal

Capture synergies through collaborative initiatives with our partners.

Strategy

Engage in new partnerships that help improve availability, quality and/or cost of delivery.

Key Actions and Results

- ⇨ In 2015-16, the Government announced a plan for a new liquor retailing model for the province. Project teams have been created to address the changes required for the successful delivery of the new liquor retailing model.
- ⇨ In 2015-16, SLGA continued work on a new distribution centre product delivery model. The new model allows for increased online services for commercial permittees and franchises. This new model is part of a larger online services project that is planned to be operational in 2016-17.
- ⇨ Results of the public consultation process that engaged Saskatchewan residents and stakeholders regarding the future of the province's liquor retail system revealed Saskatchewan residents want increased product selection and greater availability of retail locations. In 2015-16, the Government announced that 12 private stores will be opened in underserved communities and 40 SLGA liquor stores will be converted to private stores.

Strategy

Strengthen our relationships with our partners.

Key Actions and Results

- ⇨ SLGA finalized an agreement with Indigenous Gaming Regulators (IGR), to transition registration responsibilities for on-reserve charitable gaming employees from SLGA to IGR.
- ⇨ In 2015-16, SLGA reviewed the policies that govern the craft liquor industry in the province. Finalization of the review is in progress and options and recommendations will be brought forward to the Government for approval.
- ⇨ SLGA continues to support the charitable gaming industry. In 2015-16, $6.8 million in gaming grants was distributed to charities across the province. The program issues grant payments equal to 25 per cent of the net revenue generated through licenced charitable gaming activities, up to a maximum of $100,000 per year per organization.

Performance Measures

Total Gross Franchise and Commercial Permittee Beverage Alcohol Purchases

SLGA partners with other entities to carry out the distribution of liquor and gaming products within the province.

Franchises and commercial permittees generate revenue and economic activity through the purchase and resale of beverage alcohol. The beverage alcohol purchases made by SLGA's private partners reflect the extent to which the Saskatchewan market is served by a blended public-private distribution model.

With the addition of private liquor stores, franchise/private store purchases grew significantly, while commercial permittee purchases declined slightly for a second year in a row. Overall since 2011-12, the dollar value of purchases made by these two partner types has increased by roughly 23 per cent. With an increase in purchases, the franchise/private store partners are increasing their share of the liquor market among Saskatchewan customers.

Fiscal Year	Franchise/ Private Store Purchases	Commercial Permittee Purchases	Total
2015-16	$120.0M	$219.4M	$339.4M
2014-15	$85.3M	$224.8M	$310.1M
2013-14	$60.5M	$228.0M	$288.5M
2012-13	$57.1M	$226.5M	$283.6M
2011-12	$54.8M	$220.1M	$274.9M

Source: SLGA

Partner Satisfaction

In 2015-16, SLGA met with select liquor and gaming partners to obtain agreement on standards which SLGA will use to measure partners' satisfaction with SLGA services. The key customer service standards include accessibility, timeliness and accuracy. SLGA will meet with other groups in 2016-17 with a plan to publish established standards by 2017-18.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priority statement from the *Saskatchewan Plan for Growth*: fiscal responsibility to support growth; continuous improvement.

SLGA Goal

Improve our operations to best meet the needs of our customers and partners within financial parameters.

Strategy

Improve efficiency, effectiveness and relevancy of programs, processes and services.

Key Actions and Results

- ⇨ A review of SLGA's supply chain was conducted during the year to identify opportunities for improvement. SLGA's supply chain refers to all the different steps from SLGA obtaining the product, to having the product available for purchase from a SLGA liquor store or one of SLGA's partners. With the announcement of the new liquor retailing model for the province, the recommendations for improvement are being reviewed to ensure alignment with the new model.
- ⇨ SLGA continues to enhance its corporate planning and reporting frameworks by integrating risk management into the strategic planning process, so that strategies are developed to meet SLGA's goals and address strategic risks.
- ⇨ SLGA continues to review liquor and gaming programs to ensure the programs are operating effectively. In 2015-16, there were five program reviews completed and the recommendations from these reviews will be implemented in 2016-17.

Strategy

Improve the quality of outcomes achieved from change initiatives.

Key Actions and Results

- ⇨ Revisions to the licensing fee structure will be implemented as part of the release of SLGA's online services project, planned to occur in 2016-17. The changes to the fees are part of a larger effort by SLGA to provide a quality outcome by creating a more standardized and simplified licensing system. The new structure will encourage customers to use the online application process when it is available in 2016-17.

Performance Measures

Online Engagement

SLGA plans to monitor the number of interactions with customers and partners who use the newly established online application and ordering technology. Implementation of the online services is set to occur in 2016-17, at which point measurement will begin.

Operating Ratio

Store Operating Costs as a Per Cent of Store Sales

The store operating ratio demonstrates SLGA's efforts to maximize liquor store sales using the least amount of operational resources. The goal is for the percentage to decrease, representing a decline in operating expenses and an increase in store sales, either individually or together. After realizing improvements of almost two per cent over two years, the percentage remains relatively unchanged for the past two years. A decline in store sales and a slight increase in store expenses attributes to the ratio increase in 2015-16.

Store Operating Costs as Per Cent of Store Sales				
2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
11.9%*	11.0%*	10.0%*	10.1%*	10.4%*

** Liquor Board Superannuation Plan adjustments resulted in an increase to store operating costs of $1.5 million in 2011-12, followed by a $3.5 million decrease in 2012-13, a $5.1 million decrease in 2013-14 and a $4.5 million decrease in 2014-15. In 2015-16, changes in actuarial assumptions and increases in assets resulted in a $4.4 million decrease in costs.*

Source: SLGA

Distribution Centre Activity

SLGA's distribution centre processed 32,974 orders in 2015-16. This corresponds to approximately 2.6 million cases of beverage alcohol shipped from the distribution centre to stores and franchises (including private stores). This is up from 24,725 orders and 2.5 million cases in 2014-15. The shipment of more products from the distribution centre should translate to increased sales volumes which can lead to increased net income.

Licensing, Regulating and Support Expenses as a Per Cent of Revenue

This efficiency measure reflects SLGA's efforts to balance revenue optimization with expenditures to meet operational and regulatory roles. For the year ending March 31, 2016, SLGA's licensing, regulating and support expenses as a percentage of revenue increased to 4.2 per cent.

Licensing, Regulation & Support Expenses as a Per Cent of Revenue				
2011-12	2012-13	2013-14	2014-15	2015-16
3.2%*	3.3%*	3.4%*	3.7%*	4.2%*

**Liquor Board Superannuation Plan adjustments resulted in an increase in head office labour costs of $0.5 million in 2011-12, followed by a $0.5 million decrease in 2012-13, a $1.1 million decrease in 2013-14 and a $1.5 million decrease in 2014-15. In 2015-16 changes in actuarial assumptions and increases in assets resulted in a $1.5 million decrease in Plan costs.*

Source: SLGA

VLT Net Income as a Per Cent of VLT Revenue

A higher percentage means more net income is generated for each dollar of sales. While program operating costs remain fairly stable over time, changes in play and gross revenue will affect the percentage. In 2015-16, VLT activity continued to generate approximately 73 cents in net income to SLGA for each dollar of VLT revenue. Both revenue and net income for VLTs declined in 2015-16, however, the decline in net income was less than the decline in revenue, thus resulting in the slight increase to 73.1 per cent.

VLT Net Income as a Per Cent of VLT Revenue				
2011-12	2012-13	2013-14	2014-15	2015-16
81.0%	80.6%	73.4%	73.0%	73.1%

Source: SLGA

SIGA Net Income as a Per Cent of SIGA Net Revenue

For this measure a higher percentage represents a more positive outcome for SIGA and SLGA. In 2015-16, SIGA earned 38.1 cents on each dollar of revenue it generated. SIGA net income increased approximately five per cent while revenue increased by less than one per cent. This led to the larger 38.1 per cent for 2015-16, representing an increase in operational efficiency.

SIGA Net Income as a Per Cent of SIGA Revenue				
2011-12	2012-13	2013-14	2014-15	2015-16
29.7%	32.6%	36.9%	36.5%	38.1%

Source: SLGA

Marginal Return on Expenses (MRE)

The MRE measures SLGA's overall return on investment for its expenditures. The MRE expresses a ratio representing the change in net income compared to the change in total expenses, where any outcome greater than zero is a positive outcome. In 2015-16, operating expenses decreased and net income increased resulting in the 15.05 MRE.

Marginal Return on Expenses				
2011-12	2012-13	2013-14	2014-15	2015-16
20.79	4.97	2.77	(1.33)	15.05

Source: SLGA

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priority statement from the *Saskatchewan Plan for Growth*: increasing Saskatchewan's competiveness; workplace excellence.

SLGA Goal

Integrate health and safety into operations.

Strategy

Complete and integrate a safety management system.

Key Actions and Results

- In an effort to prevent injuries, SLGA piloted a formal job rotation program and safety huddles in the operations of SLGA liquor stores. Job rotation helps prevent injuries as an employee will not be engaged in an activity, such as lifting of product, for a prolonged period which could lead to muscle fatigue and potential injury. A final review of the job rotation initiative occurred in January 2016 and a 38 per cent reduction in injuries was realized. Decisions on expanding the pilot or integrating job rotation into other parts of the organization will take place in 2016-17. Safety huddles provide an opportunity for liquor store employees to gather and proactively speak about seasonal hazards and operational risks. The huddles also increase awareness about appropriate precautions that can be taken to prevent injury. Safety huddles have been fully implemented into SLGA liquor stores and have proven beneficial in preventing injuries.
- In 2015-16, SLGA established a cross functional working group to review and improve safety programs. This group of nine employees includes representatives from the director level to the customer service representative level. The first review conducted by the group was of the Chemical Safety Program. The process included a full review of the program documentation and a facilitated discussion to identify and understand inconsistencies, responsibilities, what is working well and what is not working well. Recommendations for improvement of the program were then made.

Strategy

Develop and integrate a disability management framework.

Key Actions and Results

- In 2015-16, SLGA engaged in a process to integrate disability management practices into operations with a focus on developing management's ability to accommodate employees and manage absenteeism. Full integration is a multi-year process. Some of the accomplishments in 2015-16 include: updates to policy, consensus on gaps in the disability management framework, confirmation of sick leave targets and the completion of a disability management framework self-assessment audit. Implementation will continue in 2016-17.

SLGA Goal

Promote an engaged and enabled workforce.

Strategy

Encourage employee learning and development.

Key Actions and Results

- ⇨ In 2015-16, SLGA evaluated options for e-learning delivery. SLGA's e-learning courses are consolidated under one e-learning vendor who offers a variety of e-learning options via a hosting service. Also offered is a library of courses and a course development service which will be used as required and appropriate.
- ⇨ A process to assess organizational and employee skill gaps and align training plans to address these gaps was determined during the year. As part of the performance planning process conducted between an employee and their supervisor, skill gaps are to be identified and training plans developed to address any gaps identified.

Performance Measures

Representative Workforce

SLGA is committed to increased recruitment efforts and initiatives to facilitate achievement of a representative workforce using the Saskatchewan Human Rights Commission's (SHRC) equity group employment targets as a long-term goal. Relative to 2014-15, representation of Aboriginal people and members of visible minorities increased. Representation of persons with disabilities remained the same, however representation of women saw a slight decrease. While women are highly represented in SLGA's workforce, women continue to be underrepresented in SLGA's senior management and liquor distribution occupations. SLGA will continue to work toward the SHRC employment targets.

Fiscal Year	Aboriginal People	Women	Persons with Disabilities	Members of Visible Minorities
SHRC Target	14.0%	46.0%	12.4%	6.6%
2015-16	11.9%	62.4%	6.6%	6.4%
2014-15	11.4%	63.3%	6.6%	5.2%
2013-14	8.6%	63.0%	4.7%	4.3%
2012-13	7.0%	63.8%	4.2%	3.8%
2011-12	6.1%	62.6%	4.2%	3.4%

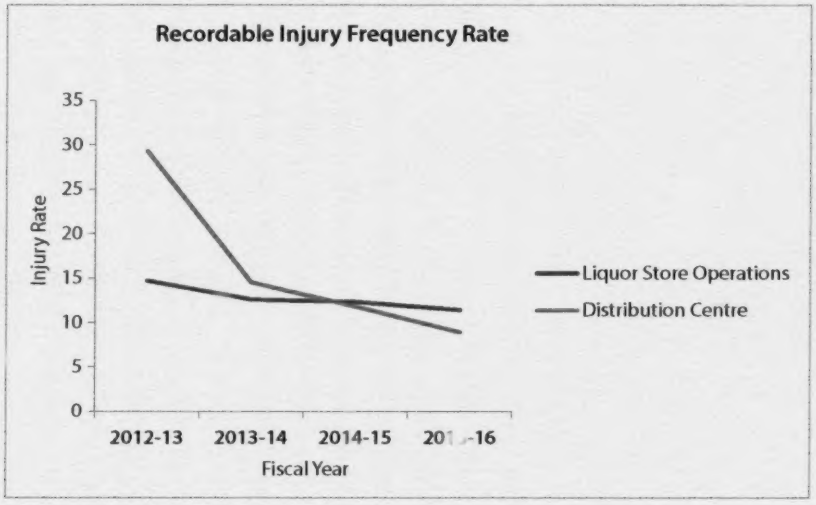
Source: SLGA

Injury Rates

As a means of tracking injuries in the workplace, SLGA has adopted the Recordable Injury Frequency Rate (RIFR). The RIFR measures the total number of recordable injuries (medical aid and time-loss) occurring from any event or exposure in the work environment that either caused or contributed to the injury. The RIFR measure is the number of injuries per 100 employees. The retailing nature of SLGA's business lends itself for injuries to occur due to the movement of product. As SLGA has a large percentage of its workforce involved in the liquor retailing sector, the RIFR rates noted pertain to SLGA liquor stores and the distribution centre where given the nature of the work, injury occurrences are higher.

Recordable Injury Frequency Rate

SLGA has seen success with its safety programs, and as the chart identifies, the RIFR has been declining over the last few years. Having safe employees and workplaces reduces time away from work, increasing employee engagement and operational efficiency.



Source: SLGA

2015-16 Financial Overview

SLGA Comprehensive Net Income to Budget

SLGA's comprehensive net income reflects the total net revenue generated less operating expenses, including associated regulatory and compliance costs. As noted in the table to the right, comprehensive net income for 2015-16 was $5.1 million above SLGA's budget projection of $500 million. Net income exceeded budget from SIGA by $10.1 million and other gaming by $5 million. This was offset by a shortfall of $7.2 million in liquor operations and a VLT shortfall of $2.9 million from budget.

	2014-15 Actual	2015-16 Budget	2015-16 Actual
Net Income	$488.0M	$500.0M	$505.1M
Liquor Operations	$244.2M	$265.7M	$258.5M
VLTS	$179.6M	$178.8M	$175.9M
SIGA	$82.8M	$77.0M	$87.1M
Other Gaming	$(18.6)M	$(21.5)M	$(16.4)M

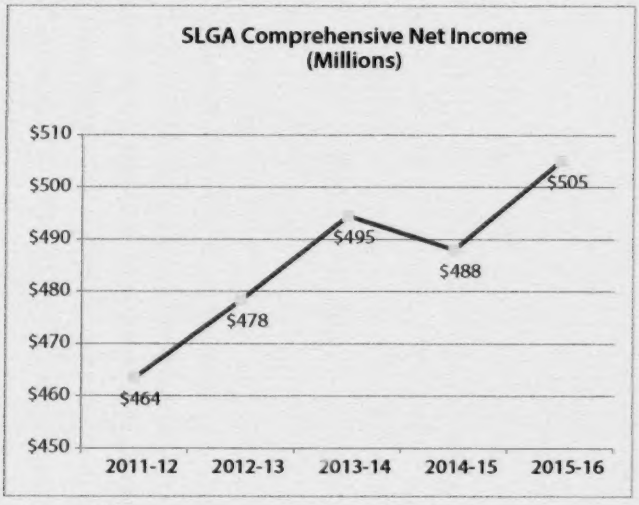
Source: SLGA

SLGA Comprehensive Net Income to Prior Year

As noted in the table above, SLGA comprehensive net income for 2015-16 was $505.1 million, an increase of $17.1 million relative to 2014-15. The net impact was driven by a $14.2 million increase in net income from liquor operations, $4.4 million increase in SIGA net income and a $2.2 million increase in other gaming net income. This was offset by a $3.7 million decrease in VLT net income.

SLGA Comprehensive Net Income

SLGA's comprehensive net income is essential to providing sustainable funding in support of Government programs and services. Historically, SLGA net income has increased with the exception of 2014-15. In 2015-16, SLGA net income surpassed $500 million for the first time.



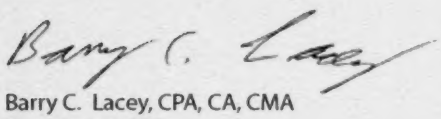
Source: SLGA

Management's Report

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using International Financial Reporting Standards. Management is responsible for the integrity, objectivity and reliability of the financial statements.

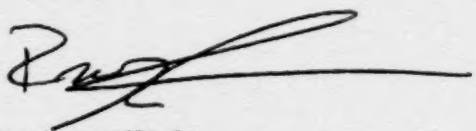
SLGA's management has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained. An auditing function exists within SLGA, which objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined SLGA's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion on the fairness of presentation of SLGA's financial statements in accordance with International Financial Reporting Standards.



Barry C. Lacey, CPA, CA, CMA
President & CEO

Jim Engel
Vice-President and CFO



Regina, Saskatchewan
June 6, 2016

Rory Jensen, CPA, CA
Acting Director, Financial Services

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Liquor and Gaming Authority, which comprise the statement of financial position as at March 31, 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Liquor and Gaming Authority as at March 31, 2016, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Regina, Saskatchewan
June 8, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

Statement 1

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31

	Notes	2016 (000's)	2015 (000's)
Current assets:			
Cash		$ 1,184	$ 5,632
Due from General Revenue Fund	4	42,056	50,233
Trade and other receivables	9	63,651	64,780
Prepaid expenses		1,585	1,446
Inventory	6	32,696	27,352
Total current assets		141,172	149,443
Non-current assets:			
Property, plant and equipment	7 & 10	107,240	110,194
Intangible assets	8	29,405	27,458
Total non-current assets		136,645	137,652
Total Assets		$ 277,817	$ 287,095
Current liabilities:			
Trade and other payables		$ 22,071	$ 21,389
Payable to the General Revenue Fund	5	105,325	94,196
Goods and Services Tax payable	10	358	436
Provisions	19	1,075	1,075
Total current liabilities		128,829	117,096
Non-current liabilities:			
Promissory note debt	24	105,000	120,000
Accrued pension liability	11	48,480	53,030
Total non-current liabilities		153,480	173,030
Total liabilities		282,309	290,126
Equity			
Retained earnings (deficit) (Statement 3)		(4,492)	(3,031)
Total Equity		(4,492)	(3,031)
Total Liabilities & Equity		$ 277,817	$ 287,095

Commitments (Note 13)
Contingencies (Note 18)

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended March 31

	Notes	2016 Budget (Note 15) (000's)	2016 Actual (000's)	2015 Actual (000's)
OPERATING				
Revenues:				
Liquor sales	14	$ 664,065	$ 641,069	$ 622,361
VLT		252,645	240,869	245,925
Slot machines	12	226,349	228,667	226,812
Licence, permit, and other income		3,625	3,779	4,302
		1,146,684	1,114,384	1,099,400
Cost of sales:				
Cost of liquor	6	319,822	314,406	303,232
VLT site commissions		37,897	36,130	36,889
		357,719	350,536	340,121
Gross profit on sales		788,965	763,848	759,279
Expenses (Schedule 1 & 2):				
VLT, liquor and other gaming		139,570	120,193	120,636
Slot machines expense		127,773	125,229	124,698
Other	12	21,576	17,105	18,330
Total expenses		288,919	262,527	263,664
Operating Income		500,046	501,321	495,615
FINANCING				
Gain (loss) on disposal of non-current assets		---	28	50
Financing Income		---	28	50
Net Income		500,046	501,349	495,665
Other Comprehensive Income (OCI)				
Net gain (loss) on interest rate swaps	12	---	788	(1,028)
Remeasurement of defined benefit obligation	11	---	2,958	(6,651)
Total OCI		---	3,746	(7,679)
Total Comprehensive Income		$ 500,046	$ 505,095	$ 487,986

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended March 31

	Retained Earnings (deficit)	Net gain (loss) on interest rate swaps	Net actuarial gain (loss) on defined benefit pension plans	Total
	(000's)	(000's)	(000's)	(000's)
Equity				
Balance April 1, 2014	$ 365	$ (5,204)	$ 1,206	$ (3,633)
Net income	495,665	—	—	495,665
Other comprehensive income (loss)	—	(1,028)	(6,651)	(7,679)
Dividends	(487,384)	—	—	(487,384)
Balance March 31, 2015 (to statement 1)	8,646	(6,232)	(5,445)	$ (3,031)
Net income	501,349	—	—	501,349
Other comprehensive income (loss)	—	788	2,958	3,746
Dividends	(506,556)	—	—	(506,556)
Balance March 31, 2016 (to statement 1)	$ 3,439	$ (5,444)	$ (2,487)	$ (4,492)

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2016 (000's)	2015 (000's)
Operating		
Receipts from customers	$ 1,147,438	$ 1,149,257
Interest received	144	152
Payments to suppliers and other	(537,125)	(537,682)
Payments to employees	(53,582)	(53,605)
Payments to grant recipients	(7,548)	(9,167)
Payment of Goods and Services Tax	(20,157)	(20,105)
Net cash provided by operating activities	529,170	528,850
Investing		
Purchase of property, plant and equipment	(24,772)	(28,561)
Purchase of intangible assets	(6,624)	(7,324)
Proceeds from disposal of property, plant and equipment	28	50
Net cash (used in) investing activities	(31,368)	(35,835)
Financing		
Repayment of promissory notes	(15,000)	(5,000)
Cash deposited in General Revenue Fund	(495,427)	(499,226)
Net cash (used in) financing activities	(510,427)	(504,226)
Net (decrease) increase in cash position	(12,625)	(11,211)
Cash position, beginning of year	55,865	67,076
Cash position, end of year	$ 43,240	$ 55,865
Cash position consists of:		
Cash	$ 1,184	$ 5,632
Due from General Revenue Fund	42,056	50,233
	$ 43,240	$ 55,865

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

1. Description of Business

The Saskatchewan Liquor and Gaming Authority (SLGA) is a corporation domiciled in Canada. The address of SLGA's registered office and principal place of business is 2500 Victoria Avenue, Regina, SK, S4P 3M3.

SLGA operates under *The Alcohol and Gaming Regulation Act, 1997*. SLGA's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high quality services and products.

SLGA operates retail liquor stores and video lottery terminals. SLGA conducts and manages the breakopen vending machine program in the Province. It also owns and manages the slot machines at the Saskatchewan Indian Gaming Authority's (SIGA) casinos. Revenue from slot machines at SIGA's casinos and related expenses are included in these statements.

SLGA operates as a Treasury Board Crown Corporation under the direction of the Government of Saskatchewan. The financial results of SLGA are included in the summary financial statements of the Province of Saskatchewan.

2. Basis of Preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). SLGA's board of directors approved these statements on June 6, 2016.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is SLGA's functional currency.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Useful lives of property, plant, and equipment (note 3(e) and note 7).
- Measurement of defined benefit obligations (note 11(ii))
- Provisions (note 19)
- Cash generating units (CGUs) for SLGA are SLGA liquor operations and SLGA gaming operations (note 3(g)(ii)).

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Liquor Sales

Sales are recorded net of returns, container deposits, Goods and Services Tax, Liquor Consumption Tax and discounts.

Licence Fees

Liquor and gaming licence fees are recorded when the licence is approved.

Video Lottery Terminals (VLT)

Revenue is recorded net of prize payouts.

Slot Machines

Revenues from casino slot machines are recorded net of prize payouts. Slot revenues are net of accruals for anticipated payouts of progressive jackpots and promotional allowances.

(b) Promotional Allowances

SIGA offers a customer loyalty program to its patrons. As part of the program, club members accumulate points based on amounts wagered and can redeem their points for cash or vouchers for free or discounted goods or services. The cash value of the points accumulated is recorded as a reduction of gaming revenue. A liability is accrued by SIGA for the estimated cost of the earned points balance at the end of the period under the loyalty program using a historical weighted average of expected point redemption. If the patron chooses to redeem their points for a voucher for free or discounted goods or services, the revenue is determined by the fair value of the undelivered goods and services and is deferred until the promotional consideration is provided.

(c) VLT Site Commission

Establishments where VLTs are located are entitled to a commission based on 15% of the VLT revenue earned. The commission is recorded as the VLT revenue is earned.

(d) Inventories

Inventories of wines, coolers, spirits, beer and gaming machine parts are valued at the lower of average cost and net realizable value.

Cost for liquor inventories is determined using the weighted average cost method. Cost for gaming machine parts is determined on a first-in, first-out basis. Inventory cost includes the costs of purchase plus other costs, such as excise duties and taxes and transportation that are directly incurred to bring inventories to their present location. Previous write-downs of inventories to net realizable values are reversed when inventory values increase.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item, that are significant in comparison to the whole, of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are depreciated commencing in the year in which these assets are available for use on a straight-line basis at rates designed to allocate the cost of these assets over their estimated useful lives. Rates are as follows:

Buildings	5 – 40 years
Furniture & equipment	3 – 10 years
VLT and slot machines	5 – 7 years
Breakopen vending machines	3 – 7 years

Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as necessary.

Property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in comprehensive income when the asset is derecognized.

(f) Intangible Assets

Intangible assets consist of software and are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful lives of 3 – 7 years. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in comprehensive income when the asset is derecognized.

(g) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in comprehensive income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through comprehensive income.

(ii) Non-financial assets

The carrying amounts of SLGA's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to SLGA. All other leases are classified as operating leases.

As at March 31, 2016, SLGA does not have any finance leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(i) Provisions

Provisions are recognized when SLGA has a present obligation (legal or constructive) as a result of a past event, it is probable that SLGA will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks, uncertainties and timing surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

(k) Employee Benefits

(i) Defined benefit plan

A defined benefit plan is a post-employment plan other than a defined contribution plan. Total cost of the pension benefits earned by employees, who are members of SLGA's defined benefit plan (closed to new members since 1977), is determined using the projected unit credit method prorated on service. Remeasurements comprising of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recorded in other comprehensive income will not be subsequently reclassified to comprehensive income. Past service cost is recognized in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability. Defined benefit costs are split into three categories:

- ⇨ Service cost, past-service cost, gains and losses on curtailments and settlements;
- ⇨ Net interest expense or income;
- ⇨ Remeasurement

SLGA presents the first two components of defined benefit costs in the line item "Salaries, wages and benefits" in Schedule 2. Curtailments gains and losses are accounted for as past-service cost.

Remeasurements are recorded in other comprehensive income.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit in SLGA's defined benefit plan.

The discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value for the purposes of calculating the expected return on plan assets.

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the statement of comprehensive income when services are rendered by employees.

Employees hired after 1977 are members of a defined contribution pension plan. SLGA expenses contributions it is required to make for current service of those employees. SLGA's liability for these employees is limited to the required employer's contributions.

(iii) Other employee benefits

Long service gratuity is a benefit paid to employees over 50 upon retirement. The gratuity is calculated as one half of a day's pay for every year of employment with SLGA upon retirement. Changes in the provision for long service gratuity are included in comprehensive income.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(l) Grants

Grants are recognized when approved and eligibility criteria, if any, are met.

(m) Financial Instruments

(i) Non-derivative financial assets and liabilities

SLGA classifies its financial instruments into one of the following categories: fair value through profit or loss; loans and receivables; and other liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash and Due from General Revenue Fund are classified as fair value through profit or loss and are recorded at fair value. Cash denominated in foreign currency is translated at the foreign exchange rate in effect at year end.

Trade and other receivables are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses.

SLGA has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to the General Revenue Fund, goods and services tax payable, and promissory note debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

SLGA derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by SLGA is recognized as a separate asset or liability. SLGA derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, SLGA has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Derivatives

Pursuant to the Casino Operating Agreement (Note 12), SLGA authorized SIGA to enter into long-term debt arrangements. It also authorized SIGA to enter into interest rate swaps in order for SIGA to manage the interest rate exposure on its long-term debt. SLGA's exposure to the interest rate risk arising from this long-term debt, the interest rate swap arrangements, and SIGA's other financial instruments is disclosed in Note 21. Changes in the fair value of the interest rate swaps are recorded as an unrealized gain or loss in comprehensive income in the year they occur.

(iii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in comprehensive income.

SLGA has not identified any material embedded derivatives in any of its financial instruments that are required to be separately valued.

(n) Finance income

Finance income comprises of gains/losses on sale of non-current assets.

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets are added to the costs of that asset, until it is available for use. Qualifying assets are those assets that take a substantial period of time to get ready for their intended use. SLGA capitalizes borrowing costs used for the purpose of obtaining a qualifying asset using the weighted average cost of debt. All other borrowing costs are recognized in finance expenses in the period in which they are incurred.

(p) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after January 1, 2016 or later periods. SLGA is assessing the impact of these pronouncements on its results and financial position. These include:

IFRS 7 – Financial instruments disclosures was amended in December 2011 to require additional financial instrument disclosures upon transition from IAS 39, Financial Instruments: Recognition and Measurement to IFRS 9, Financial Instruments. The amendments are effective on adoption of IFRS 9. The amendments issued are permitted to be early adopted where IFRS 9 is also early adopted. SLGA does not plan to early adopt this standard.

IFRS 9 – Financial Instruments (IFRS 9 (2014)) expands on IFRS 9 as issued in 2009. The 2010 version has a significant impact on financial liabilities designated under the fair value option. In addition, IFRS 9 (2010) retains virtually all the classification and measurement guidance in IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective for periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC 31 and provides for a single model that applies to contracts with customers with two approaches to recognizing revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018.

IFRS 16 – Leases was issued in January 2016 and is intended to replace IAS 17 Leases, and related IFRICs. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months of less or the underlying asset has a low value. This standard is effective for annual periods beginning on or after January 1, 2019.

IAS 1- Presentation of Financial Statements was amended in December 2014 to clarify that materiality applies to all parts of the financial statements and provides examples of how to clarify understandability and comparability in the ordering of note disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016. SLGA does not expect these amendments to significantly impact the financial statements.

Annual Improvements Cycles in 2014 which include minor amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, and IAS 19 Employee Benefits. The annual improvements process is used to make necessary but non-urgent changes to IFRSs that are not included in other projects. The amendments issued are all effective for annual periods beginning on or after January 1, 2016. SLGA does not expect these amendments to significantly impact the financial statements.

4. Due from General Revenue Fund

Most of SLGA's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on SLGA's bank accounts.

5. Disposition of Retained Earnings

Subsection 182(5) of *The Alcohol and Gaming Regulation Act, 1997* (Act) allows SLGA to provide interest free advances to the Minister of Finance for deposits in the General Revenue Fund (GRF) until Treasury Board determines the disposition of SLGA's retained earnings. Under subsection 182(1) of the Act, Treasury Board may, at any time, direct that all or any portion of SLGA's retained earnings be transferred to the GRF. Treasury Board has directed SLGA to transfer $506,556 thousand (2015 - $487,384 thousand) to the GRF under subsection 182(1) of the Act. At March 31, amounts payable to GRF were determined as follows:

	2016 (000's)	2015 (000's)
Payable to GRF at beginning of year	$ 94,196	$ 106,038
Deposits during the year	(495,427)	(499,226)
Dividend to GRF	506,556	487,384
Payable to GRF at end of year	$ 105,325	$ 94,196

6. Inventories

	2016 (000's)	2015 (000's)
Wines, coolers and spirits in stores	$ 5,262	$ 6,283
Wines, coolers and spirits in warehouse	13,848	9,868
Beer in stores	9,173	6,332
Gaming machine parts	4,413	4,869
	$ 32,696	$ 27,352

The cost of liquor and gaming machine parts inventories recognized as an expense during the year ended March 31, 2016 was $314,406 thousand and $509 thousand respectively. During the year, SLGA had no write-downs of inventory below cost and no reversals of inventories previously written down. As of March 31, 2016 there was no amount of inventory pledged as security.

7. Property, Plant and Equipment

(000's)	Land	Buildings	Slot Machines	VLT	Furniture and Equipment	Breakopen Vending Machines	Leasehold Improvements	Total
Cost								
Balance, April 1, 2014	$ 4,696	$ 32,011	$ 57,118	$ 99,566	$ 31,262	$ 2,979	$ 11,534	$ 239,166
Additions/Adjustments	---	16,963	10,693	(1,859)	2,491	---	273	28,561
Disposals/ Retirements	---	---	(11,522)	(16,365)	(812)	---	(9)	(28,708)
Balance, March 31, 2015	$ 4,696	$ 48,974	$ 56,289	$ 81,342	$ 32,941	$ 2,979	$ 11,798	$ 239,019
Additions/Adjustments	---	11,769	14,068	15	1,679	---	(2,759)	24,772
Disposals/ Retirements	(24)	(695)	(3,031)	---	(607)	(1,056)	(6)	(5,419)
Balance, March 31, 2016	$ 4,672	$ 60,048	$ 67,326	$ 81,357	$ 34,013	$ 1,923	$ 9,033	$ 258,372
Accumulated Depreciation								
Balance, April 1, 2014	$ ---	$ 21,573	$ 48,839	$ 32,349	$ 18,208	$ 2,976	$ 8,364	$ 132,309
Depreciation Expense	---	247	4,452	17,308	3,023	---	159	25,189
Disposals/ Retirements	---	---	(10,731)	(17,120)	(813)	---	(9)	(28,673)
Balance, March 31, 2015	$ ---	$ 21,820	$ 42,560	$ 32,537	$ 20,418	$ 2,976	$ 8,514	$ 128,825
Depreciation Expense	---	2,371	5,725	16,270	3,047	---	146	27,559
Disposals/ retirements	---	(573)	(2,991)	---	(626)	(1,056)	(6)	(5,252)
Balance, March 31, 2016	$ ---	$ 23,618	$ 45,294	$ 48,807	$ 22,839	$ 1,920	$ 8,654	$ 151,132
Net Book Value								
Balance, March 31, 2015	$ 4,696	$ 27,154	$ 13,729	$ 48,805	$ 12,523	$ 3	$ 3,284	$ 110,194
Balance, March 31, 2016	$ 4,672	$ 36,430	$ 22,032	$ 32,550	$ 11,174	$ 3	$ 379	$ 107,240

8. Intangible Assets

(000's)		Software Total
Cost		
Balance, April 1, 2014	$	30,672
Additions/Adjustments		7,324
Disposals/retirements		(8)
Balance, March 31, 2015	$	37,988
Additions/Adjustments		6,624
Disposals/retirements		(11)
Balance, March 31, 2016	$	44,601
Accumulated depreciation		
Balance, April 1, 2014	$	5,926
Depreciation Expense		4,612
Disposals/retirements		(8)
Balance, March 31, 2015	$	10,530
Depreciation Expense		4,678
Disposals/retirements		(12)
Balance, March 31, 2016	$	15,196
Net Book Value		
Balance, March 31, 2015	$	27,458
Balance, March 31, 2016	$	29,405

9. Trade and Other Receivables

	2016 (000's)	2015 (000's)
Slot machines receivable – SIGA	$ 56,027	$ 59,831
VLT receivable	4,157	2,356
Other	3,467	2,593
	$ 63,651	$ 64,780

10. Goods and Services Tax (GST)/Harmonized Sales Tax (HST)

SLGA is on the prescribed list of lottery corporations pursuant to Section 188 of the Federal *Excise Tax Act*. In lieu of collecting GST on VLT and slot revenue at the retail level, SLGA calculates and remits GST according to a formula prescribed by the Canada Revenue Agency.

The formula required SLGA to pay 10% on the purchase of taxable goods and services related to gaming programs but only 5% on VLT site contractor commissions.

The GST paid on property, plant and equipment for gaming is set up as part of the cost of the asset and is depreciated on a straight-line basis over the useful life of the property, plant and equipment.

SLGA also pays GST/HST to the Canada Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

11. Post Employment Benefits

SLGA sponsors a defined benefit pension plan and participates in a defined contribution pension plan covering substantially all of its employees.

(i) Defined contribution plan

The defined contribution plan is called the Public Employees Pension Plan (PEPP). SLGA is required to contribute a specified percentage of payroll costs to PEPP to fund the benefits. The only obligation of SLGA with respect to PEPP is to make the specified contributions. During the year, SLGA paid PEPP and expensed its required contributions of $3,135 thousand (2015 - $3,075 thousand).

(ii) Defined benefit plan

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan), for SLGA. The Plan provides pensions calculated at 2% of a member's average salary for the five years of highest salary, multiplied by the number of years of service to a maximum of 35. This Plan has been closed to new members since 1977.

AON Hewitt performed the valuation of the Plan as at September 30, 2014 and extrapolated the valuation to March 31, 2016. The accrued benefit obligation is based on a number of assumptions about future events including: discount rate, rate of salary increases, mortality, retirement rates, and inflation. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2016	2015
Expected long-term rate of return on plan assets	4.80%	5.00%
Inflation rate	2.25%	2.50%
Discount rate	3.60%	3.40%
Salary increases	3.25%	3.50%
Indexing increases to pensions as % of Consumer Price Index	70%	70%
Expected average remaining service life*	0 years	0 years

** SLGA does not have any contributing employees, all have reached 35 years of service.*

The following illustrates the effect of changing certain assumptions from assumed rate of: inflation 2.25% and discount rate 3.60%.

	Long-Term Assumptions			
	Inflation*		Discount Rate	
	3.25%	1.25%	4.6%	2.6%
(Decrease) increase in liability	(2.7%)	2.9%	(10.2%)	12.3%

** A change in the inflation rate of 1% has a corresponding change in the discount rate of 1%.*

SLGA's pension costs are included in salary, wages, and benefits on Schedule 1 and OCI.

	2016 (000's)	2015 (000's)
Current service cost – defined contribution plan	$ 3,135	$ 3,075
Net Interest expense	1,747	1,584
Components of pension costs recorded in profit or loss	4,882	4,659
Return on plan assets (excluding net interest expense)	2	124
Actuarial (gains) losses – assumption changes	(2,960)	6,527
Components of defined benefit costs recorded in OCI	(2,958)	6,651
Total of components of benefit cost	$ 1,924	$ 11,310

Information about SLGA's defined benefit plan is as follows:

	2016 (000's)	2015 (000's)
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$ 63,492	$ 58,667
Interest cost	2,089	2,321
Benefits paid	(4,119)	(4,135)
Experience (gain) loss		
-Change in financial assumptions	(2,850)	3,363
-Change in mortality assumptions	-	3,276
	$ 58,612	$ 63,492
Plan Assets		
Fair value of plan assets, beginning of year	$ 10,462	$ 10,509
Actual return on plan assets	435	772
Employer contributions	3,367	3,316
Benefits paid	(4,132)	(4,135)
Fair value of plan assets, end of year	$ 10,132	$ 10,462
Accrued pension liability	$ 48,480	$ 53,030

The plan holds all of its assets in various pooled funds. The Plan's holdings consist of 21.5% (2015 – 23.1%) in a Canadian equity pooled fund, 31.1% (2015 – 28.7%) in foreign equity pooled funds, 44.9% (2015 – 46.4%) in a bond and debenture pooled fund and 2.6% (2015 – 1.8%) in a short term investment pooled fund.

The major categories of plan assets at the end of the reporting period for each category are as follows:

	2016 (000's)	2015 (000's)
Due from General Revenue Fund	$ 252	$ 245
TD Canadian Bond Index Fund	4,442	4,744
Equity Instruments		
-TD Canadian Equity Index Fund	2,122	2,355
-TD International Equity Index Fund	1,520	1,472
-TD US Market Index Fund	1,555	1,464
-TD Canadian Short Term Investment Fund	253	180
Total equity instruments	5,450	5,471
	$ 10,144	$ 10,460

The Plan limits its investment in foreign equities including foreign pooled funds to 38% of the cost of the investment portfolio and is denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The TD Canadian Equity Index Fund, the TD US Market Index Fund and the TD International Equity Index Fund all may use derivative financial instruments such as forward and futures contracts, options and swaps, as permitted by the Canadian Securities legislation, to gain exposure to the S&P/TSX Composite Index, the S&P 500 Index and the MSCI EAFE Index and their underlying components respectively, to hedge against movements in currency exchange rates and equity indices, and to increase liquidity within the portfolio. Sufficient cash or securities will be held within each fund to cover all derivative obligations.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

The total cash inflow is the amount of employer contributions expected to be received by the pension plan together with interest on investments of 4.8% and employer contributions calculated as 81.0% of total benefit payments. The total cash outflows are the amounts that are required to pay all pension obligations. Forecast of cash flows have been determined using the long-term assumptions used in the valuation. All amounts are based on actual dollar forecasts.

	($000's)			
	Contributions	Benefits Paid	Investment Return	Net Cash Outflow
2017	3,384	4,175	448	(343)
2018	3,296	4,067	432	(339)
2019	3,204	3,954	416	(334)
2020	3,121	3,851	401	(329)
2021	2,995	3,696	386	(315)
Total next 5 years	16,000	19,743	2,083	(1,660)
Total 5-10 years	13,623	16,811	1,719	(1,469)
Total 11-30 years	38,320	47,285	3,449	(5,516)
Total 31-50 years	5,569	6,873	217	(1,087)

12. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

Effective June 11, 2007 the Province and the Federation of Saskatchewan Indian Nations (FSIN) agreed to amend the 2002 Framework Agreement for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*. This amendment also permitted SIGA to retain $5 million annually from slot machine operations as a capital reserve for the sole purpose of acquiring capital assets. This $5 million is a receivable due from SIGA and is included in slot machine receivable disclosed in Note 9.

The 2002 Framework Agreement has a term of 25 years. Similar to its predecessor, the 1995 Framework Agreement, the 2002 Framework Agreement requires the Province to retain a portion of the net profits from slot machines in the GRF and distribute the remaining profits to the First Nations Trust, and the Community Development Corporations.

To implement the 2002 Framework Agreement, SLGA and SIGA made agreements for casino operations and slot machine management. The Casino Operating Agreement requires SIGA to pay the net profits from slot machines to SLGA. This agreement also ensures SLGA recovers the cost of slot machines, the related computer system, and interest over five years.

Also under the 2002 Framework Agreement, SIGA has granted a first charge security interest on all its present and after acquired assets to SLGA to secure contractual obligations of SIGA under the Agreement. However, the Agreement requires SLGA, upon joint written request by SIGA and its lenders, to postpone such security in favour of the lenders who require a prior charge relating to funds lent to SIGA for the financing of its operations carried out in accordance with the Agreement. As of March 31, 2016, SIGA owes $41,780 thousand under a $79,000 thousand long-term financing agreement with a financial institution (Bank) (Note 13). SLGA has postponed its security in regards to this financing agreement.

In order to manage its interest rate exposure, SIGA entered into separate interest rate swap arrangements for its long-term debt related to the Dakota Dunes, Living Sky and Painted Hand construction projects. The interest rate swaps came into effect on April 1, 2008, April 1, 2009, and April 4, 2013. These swap arrangements fixed the interest rates at 2.08% to 5.09% for the duration of the long-term debt (April 2023 and August 2024).

Under the Casino Operating Agreement between SIGA and SLGA, SIGA is permitted to charge its losses from table games and ancillary operations as an expense of slot machine operations. As well, the Casino Operating Agreement requires SIGA to pay to the Indigenous Gaming Regulators Inc. (IGR) funds equal to IGR's operating budget upon direction from SLGA.

Effective for the year ended March 31, 2008 and subsequent years, the Casino Operating Agreement between SIGA and SLGA has been amended to exclude unrealized gains and losses on the interest rate swaps initiated on December 12, 2007, from the calculation of net Casino profits payable to SLGA. These unrealized gains and losses are netted against the slot machines receivable due from SIGA disclosed in Note 9. As of March 31, 2016, the unrealized gain increasing the slot machines receivable was $788 thousand (2015 – $1,028 thousand loss).

In addition, under an agreement with Saskatoon Prairieland Park Corporation (SPPC), SIGA is required to pay SPPC compensation for the closure of its casino (Note 13).

During the year, SIGA's losses from table game and ancillary operations as well as SIGA's payments to IGR and SPPC are recorded as an expense of slot machine operations as follows:

	2016 (000's)	2015 (000's)
Table games revenues	$ 11,157	$ 11,227
Table games expenses	13,375	13,430
Net losses from table games	$ 2,218	$ 2,203
Ancillary operations revenues	$ 15,282	$ 14,982
Ancillary operations expenses	24,269	25,209
Net losses from ancillary operations	$ 8,987	$ 10,227
Total losses expensed	11,205	12,430
IGR payment	3,300	3,300
SPPC payment	2,600	2,600
	$ 17,105	$ 18,330

13. Commitments

SLGA

Leases: SLGA, as lessee, is committed to pay under operating leases on leased premises the following minimum amounts in future years:

Year Ending March 31	(000's)
Less than one year	$ 5,352
Between one and five years	12,461
More than five years	5,078
Total	$ 22,891

SIGA Leases, Casino and Debt

Under the Casino Operating Agreement, SLGA allows SIGA to recover its costs for approved casino operating expenses, contractual obligations, and commitments from SLGA's slot machine revenues. SIGA's contractual obligations and commitments are as follows:

Operating Leases: SIGA has obligations under casino operating leases for buildings, equipment and vehicles. The minimum lease payments over the next five years are as follows:

Year Ending March 31	(000's)
Less than one year	$ 4,602
Between one and five years	5,534
More than five years	3,699
	$ 13,835

The above commitments include amounts committed to parties related to SIGA totalling $6,842 thousand for years 2017 through 2021 and $3,697 thousand for the years beyond 2021.

Finance Leases: SIGA has entered into finance lease agreements for the Dakota Dunes, Living Sky, Gold Eagle and Painted Hand Casinos with related parties. The minimum lease payments under these finance lease obligations are as follows:

Year Ending March 31	(000's)
Less than one year	$ 8,402
Between one and five years	33,831
More than 5 years	53,119
Total	$ 95,352

Due to the related party nature of the finance lease obligation, fair value information has not been disclosed as fair value cannot be reliably measured.

Long-term debt: In 2007, SIGA made a long-term financing agreement with the Bank for $79,000 thousand to finance the new casino projects. As of March 31, 2016, SIGA owes $41,780 thousand (2015 - $47,498 thousand) under this agreement at interest rates varying from 2.08% to 5.09%. SIGA's principal repayments are as follows:

Year Ending March 31	(000's)
2017	$ 5,402
2018	5,403
2019	5,402
2020	5,403
2021	5,403
Thereafter	14,771

Other: The Casino Operating Agreement requires SIGA to transfer to IGR funds to support IGR's annual operating budget. For 2017, the budgeted transfers are $3,300 thousand (2016 - $3,300 thousand).

As well, under an agreement with SPPC and effective August 10, 2007, SIGA began paying SPPC $2,600 thousand annually, subject to certain conditions, for 30 years payable in monthly installments of $217 thousand. In 2016, SIGA paid $2,600 thousand (2015 - $2,600 thousand) to SPPC, which is recorded as part of the SIGA other operating expenses.

SIGA has also previously committed to providing sponsorship funding to various agencies.

14. Liquor Sales

	2016 (000's)	2015 (000's)
Wines, coolers and spirits		
In stores:		
-To permittees	$ 70,891	$ 72,440
-To public	221,955	225,814
	292,846	298,254
To franchisees/private stores:		
-To permittees	5,061	5,491
-To public	59,905	43,544
	64,966	49,035
	357,812	347,289
Beer		
-To permittees	132,048	135,153
-In stores	113,426	115,573
-To franchisees/private stores	37,783	24,346
	283,257	275,072
Total	$ 641,069	$ 622,361

15. 2016 Budget

These amounts represent the budget approved by Treasury Board.

16. Segmented Information

SLGA operates in four segments – liquor, VLT, slots in SIGA casinos, and other gaming.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the province.

The VLT segment reflects the operation of the VLT program under the authority of Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997.*

The slots in SIGA casinos segment reflect the operations of SLGA's slot machines in SIGA casinos (see Note 12).

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles, and breakopen ticket sales and the regulation and support of the horse racing industry. The Other Gaming segment also includes the breakopen vending machine program.

Key amounts by segment as follows:

	SEGMENTS					
	2016 (000's)					2015 (000's)
	LIQUOR	VLT	SLOTS IN SIGA CASINOS	OTHER GAMING	TOTAL	TOTAL
Revenues	$ 641,069	240,869	228,667	---	1,110,605	$ 1,095,098
Other Income	3,364	83	---	360	3,807	4,352
Total Revenues	644,433	240,952	228,667	360	1,114,412	1,099,450
Direct Expenses	314,406	36,130	---	---	350,536	340,121
Operating Expenses (Schedule 1 & 2)	74,530	28,862	142,334	16,801	262,527	263,664
Total Expenses	388,936	64,992	142,334	16,801	613,063	603,785
Subtotal	255,497	175,960	86,333	(16,441)	501,349	495,665
Other Comprehensive Income	2,958	---	788	---	3,746	(7,679)
Total Comprehensive Income	258,455	175,960	87,121	(16,441)	505,095	487,986
Retained earnings (deficit) beginning of year	3,201	---	(6,232)	---	(3,031)	(3,633)
Dividend to General Revenue Fund	260,704	175,960	86,333	(16,441)	506,556	487,384
Retained earnings (deficit) end of year	$ 952	---	(5,444)	---	(4,492)	$ (3,031)
Property, plant and equipment	$ 47,507	37,729	31,609	19,800	136,645	$ 137,652
Property, plant and equipment purchases	$ 15,871	15,158	367	---	31,396	$ 35,885
Depreciation	$ 6,109	17,510	8,271	352	32,242	$ 29,801

17. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SLGA by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Government-related entities are exempt from providing disclosure about individual related party transactions, other than the transactions with key management personnel disclosed below. Instead, government-related entities are required to disclose the types and extent of individually or collectively significant transactions with related parties. In determining individually significant transactions, SLGA considers the size, type and terms of the transaction.

SLGA also pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance, in 2016 SLGA paid $257 thousand (2015 - $185 thousand). Taxes paid are recorded as part of the cost of those purchases. SLGA also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance, in 2016 SLGA paid $34,503 thousand (2015 - $35,120 thousand). All other transactions with related parties are routine operating transactions that are settled at prevailing market prices under normal trade terms.

SLGA's Key Management Personnel Compensation

Key management personnel include the president and vice presidents. The compensation paid (including benefits) to key management for employee services is shown below:

	2016 (000's)	2015 (000's)
Salaries and short-term employee benefits	$ 1,203	$ 995
Post-employment benefits	128	133
	$ 1,331	$ 1,128

18. Contingencies

	2016 (000's)	2015 (000's)
Court proceedings (i)	$ 5,000	$ 5,000

(i) As part of ongoing operations SLGA faces legal actions initiated by third parties and contract disputes.

At year-end there were actions outstanding against SLGA, which the likelihood of loss is unlikely. Settlements arising from the resolution of these actions will be accounted for in the year in which the settlements occur.

19. Provisions

	Short-term Employee Benefits (000's)
Balance, April 1, 2014	$ 1,182
Provisions made during the period	1,075
Provisions used during the period	(1,182)
Balance, March 31, 2015	$ 1,075
Provisions made during the period	1,075
Provisions used during the period	(1,075)
Balance, March 31, 2016	$ 1,075

Short-term Employee Benefits

The provision for short-term employee benefits represents part-time pension benefits, annual sick leave and long service gratuity entitlements.

20. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division (Division) of the Western Canada Lottery Corporation (WCLC) operates the video lottery terminals and central computer system on behalf of SLGA. WCLC provides accounting, purchasing, cash disbursements, human resources and technical services for the VLT program. WCLC also operates and generally maintains the slot machines and related computer system at the SIGA casinos for SLGA and the breakopen vending machines on behalf of SLGA. For the year ended March 31, 2016, WCLC charged SLGA $21,656 thousand (2015 - $18,232 thousand) to operate the VLT, slot machine program and the breakopen vending machines for the year.

WCLC sponsors a defined benefit retirement plan for the employees of the Division. The current service and interest costs of the retirement plan are included in the amount paid to WCLC. During the year, SLGA paid WCLC and expensed a total of $1,342 thousand (2015 - $1,019 thousand) which is included in professional and contractual services on Schedule 1.

As of March 31, 2016, the retirement plan is in a deficit status of $4,336 thousand (2015 - $3,820 thousand deficit status)

21. Financial Risks

Fair Value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The following table presents the carrying amount and fair value of SLGA's financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

(in 000's)

			2016		2015	
Financial Instruments	Classification[1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	$ 1,184	$ 1,184	$ 5,632	$ 5,632
Due from General Revenue Fund	FVTPL	Level One	42,056	42,056	50,233	50,233
Trade and other receivables	L&R	N/A	63,651	63,651	64,780	64,780
Trade and other payables	OFL	N/A	22,071	22,071	21,389	21,389
Promissory Note debt	OFL	N/A	105,000	105,000	120,000	120,000
Payable to General Revenue Fund	OFL	N/A	105,325	105,325	94,196	94,196
GST Payable	OFL	N/A	358	358	436	436

[1] Classification:

FVTPL – Fair value through profit and loss, L&R - Loans and receivables, OFL - Other financial liabilities

SLGA is exposed to a number of financial risks in the normal course of operations. SLGA's risks have not changed during the year.

Credit and Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SLGA is exposed to interest rate risk on its promissory note debt and may be exposed to interest rate risk on future short-term and long-term borrowings. At year end, SLGA had $105,000 thousand of promissory note debt. Due to SLGA's use of promissory note debt, the interest rate risk SLGA is exposed to is minimal.

SLGA is exposed to minimal credit risks from the potential non-payment of accounts receivable as most receivables are either short-term and are collected shortly after year end or are from SIGA. SLGA exerts significant influence over SIGA's operations and SIGA remits the amount owing to SLGA in accordance with the Casino Operating Agreement described in Note 12. The VLT receivable is collected shortly after March 31 in accordance with the agreement for services between SLGA and WCLC as described in Note 20.

The maximum credit risk from these financial instruments is limited to the carrying value of the financial assets summarized below:

	2016 (000's)	2015 (000's)
Cash	$ 1,184	$ 5,632
Due from General Revenue Fund	42,056	50,233
Accounts Receivable	63,651	64,780
	$ 106,891	$ 120,645

As described in Note 3(m), SLGA is exposed to SIGA's credit and interest rate risks. SIGA's financial risks arise mainly from its bank financing ($41,780 thousand – March 31, 2016; $47,498 thousand – March 31, 2015) and its interest rate swap arrangements which are partially offset by changes in interest rates on its variable borrowings. At March 31, 2016, if interest rates at that date had changed 100 basis points, with all other variables held constant, SLGA's net income would have changed $1,755 thousand.

As of March 31, 2016, there was no impairment required on any of the financial assets of SLGA and SIGA.

SLGA has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

Foreign Currency Exchange Risk

SLGA is exposed to foreign exchange risk due to purchase transactions for liquor and electronic gaming machines. As of March 31, 2016, SLGA had $145 thousand (2015 - $146 thousand) in United States (U.S.) financial liabilities. SLGA is also exposed to foreign exchange risks resulting from a U.S. dollar denominated cash deposit account. This U.S. dollar denominated cash deposit account is included in SLGA's Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. As of March 31, 2016, SLGA has $3,274 thousand (2015 – $1,341 thousand) in this account.

In 2016, SLGA recorded a $12 thousand gain (2015 - $210 thousand gain) due to the variation in the foreign exchange rates.

To date, SLGA has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Liquidity Risk

Liquidity risk is the risk that SLGA will not be able to meet its financial obligations as they fall due. The majority of SLGA operational activity involves cash sales and short-term accounts receivable. SLGA relies on funds generated from its operations and short-term debt to meet operating requirements and to finance capital investment.

Contractual cash flows - 2016
(In 000's)

FINANCIAL LIABILITIES	Carrying amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	Greater than 5 years
Trade and other payables	$ 22,071	$ 22,071	22,071	---	---	---	---
Payable to the GRF	105,325	105,325	105,325	---	---	---	---
GST Payable	358	358	358	---	---	---	---
Provisions	1,075	1,075	1,075	---	---	---	---
Promissory Note debt	105,000	105,000	---	5,000	5,000	15,000	80,000
Accrued pension liability	48,480	48,480	2,088	2,087	4,067	11,501	28,737
	$ 282,309	$ 282,309	$ 130,917	$ 7,087	$ 9,067	$ 26,501	$ 108,737

Contractual cash flows - 2015
(In 000's)

FINANCIAL LIABILITIES	Carrying amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	Greater than 5 years
Trade and other payables	$ 21,389	$ 21,389	21,389	---	---	---	---
Payable to the GRF	94,196	94,196	94,196	---	---	---	---
GST Payable	436	436	436	---	---	---	---
Provisions	1,075	1,075	1,075	---	---	---	---
Promissory Note debt	120,000	120,000	---	5,000	5,000	15,000	95,000
Accrued pension liability	53,030	53,030	2,151	2,150	4,204	11,999	32,526
	$ 290,126	$ 290,126	$ 119,247	$ 7,150	$ 9,204	$ 26,999	$ 127,526

22. Capital

SLGA's capital structure consists of current payables and post employment benefits, financing, cash and cash equivalents, and retained earnings. Treasury Board determines the disposition of SLGA's retained earnings (Note 5). SLGA management's objectives to manage its capital are to use capital to provide an appropriate return on investment to the Government of Saskatchewan and to preserve financial flexibility in order to maintain SLGA's ability to meet financial obligations.

The Government of Saskatchewan facilitates the borrowing of capital for SLGA through various financial institutions. At the end of the year, SLGA had $105,000 thousand in promissory notes (Note 24).

SLGA does not set a target rate of return on capital for managing its operations but rather promotes year-over-year sustainable profitable growth. SLGA is not subject to any externally imposed capital requirements.

No borrowing costs associated with the promissory note debt from the GRF were capitalized during the year.

23. Funds held in Trust

SLGA holds funds in trust on behalf of employees as part of SLGA's extended health care plan. At March 31, 2016, SLGA held $260 thousand (2015 - $261 thousand) on behalf of in-scope employees.

24. Promissory Notes

SLGA holds $105,000 thousand in a series of promissory notes with various financial institutions. SLGA has committed to distribute the full amount of dividend to the GRF. SLGA expects to continue to refinance the repayment of its current promissory notes by incurring new borrowing using new promissory notes. SLGA has not set repayment terms on the promissory notes and will make repayments as cashflows allow. As at March 31, 2016, the promissory notes are as follows:

Date of issue	Date of maturity	Interest Rate (%)	Currency	Outstanding amount (000's)
30-NOV-2015	26-MAY-2016	0.601	CAD	$ 7,800
30-NOV-2015	26-MAY-2016	0.601	CAD	7,800
30-NOV-2015	26-MAY-2016	0.601	CAD	7,800
02-DEC-2015	01-JUN-2016	0.589	CAD	10,000
03-DEC-2015	01-JUN-2016	0.621	CAD	21,500
08-DEC-2015	06-JUN-2016	0.611	CAD	11,600
18-DEC-2015	15-JUN-2016	0.680	CAD	8,500
25-FEB-2016	23-AUG-2016	0.641	CAD	15,000
02-MAR-2016	29-AUG-2016	0.651	CAD	10,000
16-MAR-2016	12-SEP-2016	0.641	CAD	5,000
				$ 105,000

25. Liquor Retailing Changes Announcement

On November 18, 2015, the Government of Saskatchewan announced its intent to make changes to liquor retailing in the province with plans to proceed if they were elected in the April 2016 provincial election. The plan included creating a level playing field for all liquor retailers, moving to a wholesale model for the distribution of liquor, and creating 52 new private liquor retailing opportunities. One time costs associated with implementation of the new liquor retail system cannot be determined at this time.

26. Comparative Figures

Certain prior year balances have been reclassified to comply with current year conformity.

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
SCHEDULE OF OPERATING EXPENSES
For the Year Ended March 31

	VLT, Liquor & Other Gaming		Slots in SIGA Casinos*		Total	
	2016	2015	2016	2015	2016	2015
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Salaries, wages and benefits	$ 53,310	$ 53,398	$ 51,122	$ 50,176	$ 104,432	$ 103,574
Depreciation	23,971	22,721	8,271	7,080	32,242	29,801
Operations and maintenance	1,952	1,989	22,395	20,064	24,347	22,053
Rent, utilities and insurance	7,917	7,208	9,978	11,207	17,895	18,415
Advertising, printing and promotion	17	39	14,863	17,220	14,880	17,259
Professional and contractual services	11,750	13,310	2,554	2,626	14,304	15,936
Service charges and interest	1,018	1,505	7,308	7,193	8,326	8,698
Grants (Note 3(l))	8,105	9,154	---	---	8,105	9,154
Goods and Services Tax	2,244	2,335	2,965	3,127	5,209	5,462
Debit/Credit charges	4,231	4,118	---	---	4,231	4,118
Sundry	631	552	1,933	2,214	2,564	2,766
Communications	540	530	1,942	1,838	2,482	2,368
Information Technology	2,078	1,589	---	---	2,078	1,589
Stationery and supplies	1,284	1,058	772	736	2,056	1,794
Travel and business	791	828	650	750	1,441	1,578
Honoraria and related expenses	63	69	476	464	539	533
Customer service programs	291	233	---	---	291	233
Indigenous Gaming Regulators (Note 12)	---	---	3,300	3,300	3,300	3,300
Saskatoon Prairieland Park Corporation (Note 12)	---	---	2,600	2,600	2,600	2,600
SIGA table and ancillary operation losses (Note 12)	---	---	11,205	12,433	11,205	12,433
	$ 120,193	$ 120,636	$ 142,334	$ 143,028	$ 262,527	$ 263,664

*Represents operating costs of SIGA casinos.

Schedule 2

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
SCHEDULE OF SEGMENTED EXPENSES
For the Year Ended March 31

	Liquor		Other Gaming		VLT		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Salaries, wages and benefits	$ 45,761	$ 45,843	$ 7,549	$ 7,555	$ —	$ —	$ 53,310	$ 53,398
Depreciation	6,109	3,901	352	527	17,510	18,293	23,971	22,721
Professional and contractual services	2,381	3,312	562	1,632	8,807	8,366	11,750	13,310
Grants (Note 3(l))	1,058	1,079	7,047	8,075	—	—	8,105	9,154
Rent, utilities and insurance	7,887	7,191	30	17	—	—	7,917	7,208
Debit/Credit charges	4,227	4,116	4	2	—	—	4,231	4,118
Goods and Services Tax	—	—	269	346	1,975	1,989	2,244	2,335
Information Technology	1,636	1,295	442	294	—	—	2,078	1,589
Operations and maintenance	1,921	1,961	31	28	—	—	1,952	1,989
Stationary and supplies	1,208	971	76	87	—	—	1,284	1,058
Service charges and interest	380	503	67	80	571	922	1,018	1,505
Travel and business	593	572	198	256	—	—	791	828
Sundry	592	513	39	39	—	—	631	552
Communications	442	424	98	106	—	—	540	530
Customer service programs	291	233	—	—	—	—	291	233
Honoraria and related expenses	33	34	30	35	—	—	63	69
Advertising, printing and promotion	11	25	6	14	—	—	17	39
	$ 74,530	$ 71,973	$ 16,800	$ 19,093	$ 28,863	$ 29,570	$ 120,193	$ 120,636

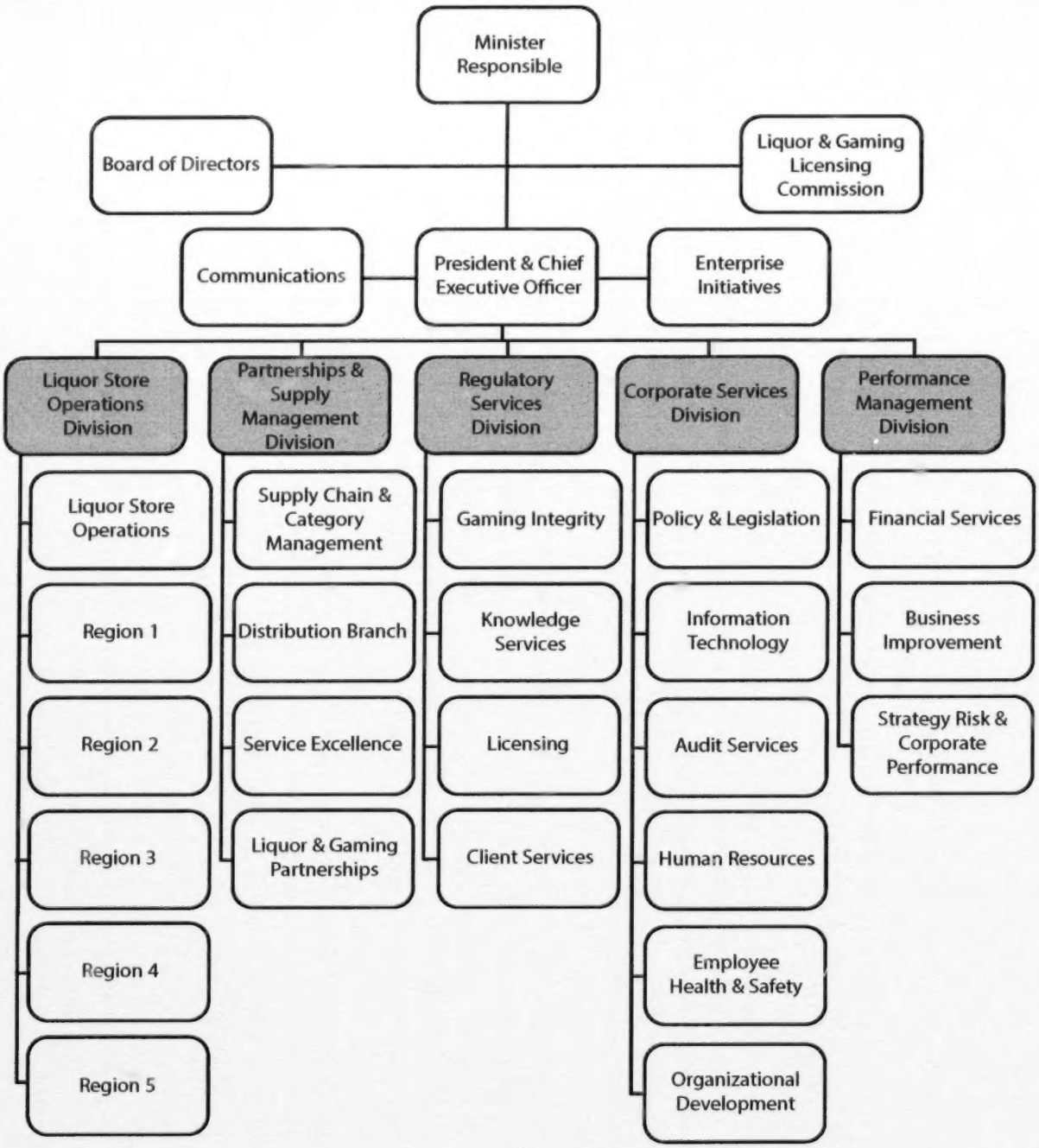
For More Information

If you have any questions or comments about SLGA's annual report, or if you have specific questions about the programs and services provided by SLGA, please contact:

Saskatchewan Liquor and Gaming Authority
P.O. Box 5054
2500 Victoria Avenue
Regina, SK, S4P 3M3
Toll free 1-800-667-7565 or (306) 787-5563
www.slga.gov.sk.ca

Appendix A

SLGA Organizational Chart



Appendix B

Summary of SLGA's Partners and Stakeholders

Beer Canada. Represents the multi-national brewers as well as several regional breweries. www.beercanada.com

Bingo Charity Associations. A Bingo Charity Association is a Class A licensee who coordinates bingo and charitable gaming events on behalf of all licensed charities conducting charitable gaming in its licensed facility.

Canadian Centre on Substance Abuse (CCSA). The Canadian Centre on Substance Abuse is Canada's national addictions agency. Its mission is to provide objective, evidence-based information and advice that will help reduce the health, social and economic harm associated with substance abuse and addictions. www.ccsa.ca

Canadian Partnership for Responsible Gambling (CPRG). The Canadian Partnership for Responsible Gambling is a collaboration of non-profit organizations, gaming providers, research centres and regulators working to find and promote effective ways to reduce the risk of problem gambling. www.cprg.ca

Canadian Vintners Association. This is a national association dedicated to the promotion and well being of Canada's wine sector. www.canadianvintners.com

Charities. Charities are eligible for licensing to raise funds to support their charitable gaming activities through bingo, raffle, breakopen, Texas Hold'em poker and Monte Carlo events. Non-profit groups are also eligible for licensing for raffles with prizes of less than $1,000.

Federation of Saskatchewan Indian Nations (FSIN). The FSIN represents 74 of Saskatchewan's First Nations. SLGA works with the FSIN in implementing the terms of the Gaming Framework Agreement. www.fsin.com

Indigenous Gaming Regulators (IGR). IGR licenses and regulates table games at SIGA casinos and on-reserve charitable gaming activities of those First Nations that have designated IGR as their regulator. www.igr.ca

Mothers Against Drunk Driving (MADD) Canada. MADD Canada is a charitable organization that is committed to stopping impaired driving through the promotion of public policy and legislative measures and through public awareness campaigns and educational programs. In addition, MADD provides support and resources to the victims of impaired driving. www.madd.ca

Non-Profit Clubs. Consists of ethnic associations, service clubs, veteran organizations and sporting clubs (including golf and curling) that have a permanent facility/clubhouse and a special use permit (as opposed to groups who use special occasion permits and may or may not have a permanent location).

Responsible Gambling Council (RGC). The RGC is a non-profit organization that works with individuals and communities to address gambling in a healthy and responsible way. The Council undertakes research and public awareness programs designed to prevent gambling-related problems. www.responsiblegambling.org

Restaurants Canada. (Saskatchewan Division). Restaurants Canada has approximately 600 members in Saskatchewan including both liquor permitted and non-liquor permitted establishments. www.restaurantscanada.org

Saskatchewan Craft Brewers Association (SCBA). The SCBA was formed by several small craft breweries located across the province of Saskatchewan with a vision of fostering a vibrant Saskatchewan craft brewing industry. www.skcraftbrewers.ca

Saskatchewan Government and General Employees Union (SGEU). Eighty-eight per cent of SLGA employees are unionized and represented by SGEU. www.sgeu.org

Saskatchewan Hotel and Hospitality Association (SHHA). SHHA represents both hotel owners and operators in urban areas and rural communities. http://www.skhha.com

Saskatchewan Indian Gaming Authority (SIGA). SIGA operates the province's six First Nations casinos on behalf of the FSIN. www.siga.sk.ca

Saskatchewan Liquor Vendors Association (SLVA). SLVA represents all of the rural liquor franchises. Franchises are authorized by SLGA to sell beverage alcohol in rural communities across the province. www.saskliquorvendors.ca

Saskatchewan Tourism and Education Council (STEC). STEC delivers the *Serve it Right Saskatchewan* program. The program helps operators and servers of liquor permitted establishments understand their duty of care and promotes responsible use, while maintaining or enhancing profits. STEC also offers the Door Staff Workshop. This program trains door staff in liquor permitted establishments to identify signs of intoxication, monitor the activities of patrons and reduce the risk of violence in and around permitted premises. www.industrymatters.com/stec

Saskatchewan Wine and Spirits Association (SWSA). SWSA is a provincial association dedicated to the promotion of wine and spirits within the provincial liquor industry.

Spirits Canada. Spirits Canada, also known as the Association of Canadian Distillers, is the national trade association of Canadian manufacturers and marketers of distilled spirit products ,ncluding Canadian whisky, rum, vodka, gin, liqueurs and coolers. www.acd.ca

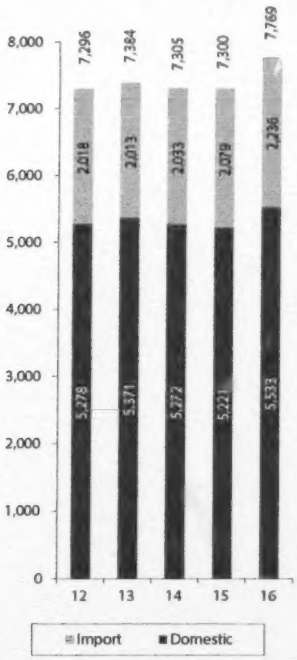
Students Against Drinking and Driving (SADD) Saskatchewan. SADD is a charitable organization that strives to save lives and prevent injuries caused by drinking and driving. SADD works to achieve this goal through education and public awareness and by influencing legislation and public policy in areas related to drinking and driving. www.saddsask.ca

Western Canada Lottery Corporation (WCLC). WCLC is a non-profit organization authorized to operate lottery and gaming-related activities as agent for SLGA. www.wclc.com

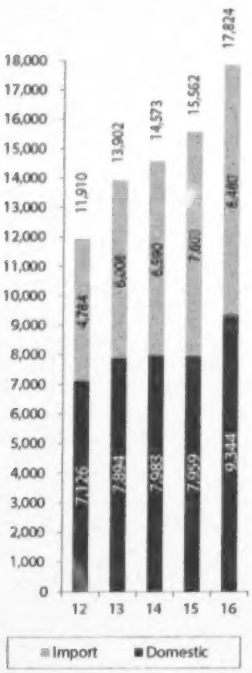
Appendix C

Volume of Sales - Five Year History
Financial Years Ending March 31

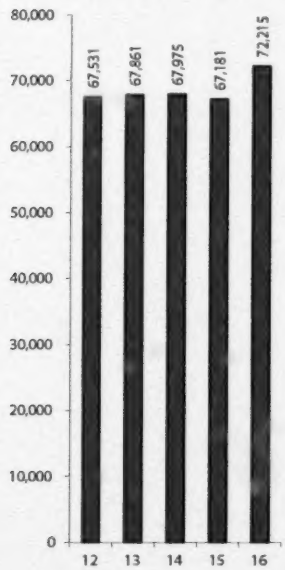
Spirits (000s of litres)



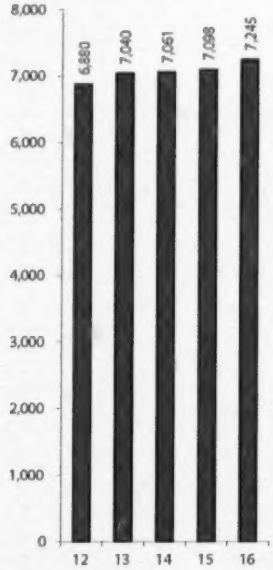
Wine and Coolers (000s of litres)



Beer (000s of litres)



Absolute Alcohol* (000s of litres)

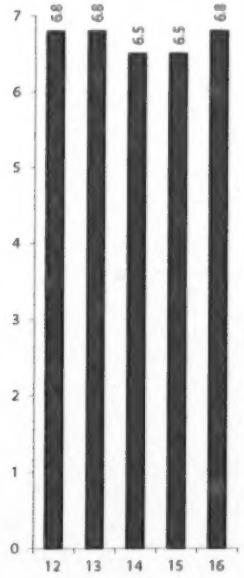


**As most alcoholic beverages have different alcohol percentages they are often converted to absolute alcohol to allow for comparison. Absolute alcohol refers to the amount sold as if all products were 100 per cent alcohol.*

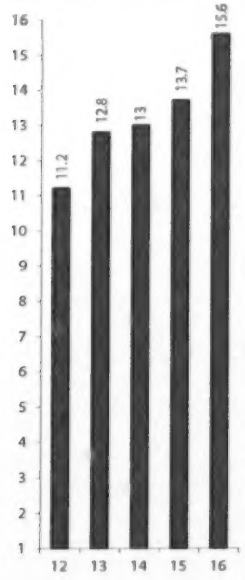
Appendix D

Per Capita Sales - Five Year History
Financial Years Ending March 31

Spirits (litres)

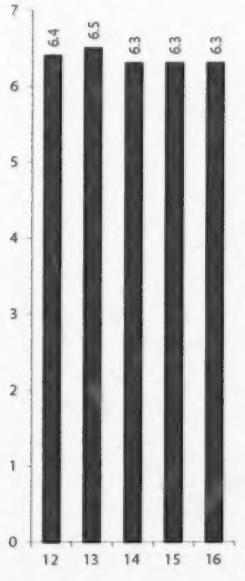


Wine and Coolers (litres)



Beer (litres)

Absolute Alcohol* (litres)



**As most alcoholic beverages have different alcohol percentages they are often converted to absolute alcohol to allow for comparison. Absolute alcohol refers to the amount sold as if all products were 100 per cent alcohol.*

Population Source: Saskatchewan Bureau of Statistics
- Saskatchewan Quarterly Population as of January 1, 2016.

Appendix E

Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission (Commission) is an independent body, which reviews:

(a) decisions of the Saskatchewan Liquor and Gaming Authority (SLGA) with respect to liquor and gaming licensing, registration, and cancellation/suspension matters within SLGA's jurisdiction, including its jurisdiction over SaskGaming and Saskatchewan Indian Gaming Authority (SIGA) casinos, horse racing, off reserve bingo, and all provincial liquor permittees;

(b) decisions of SIGA casino operators and SaskGaming respecting involuntary casino bans of patrons from casinos operated under their respective jurisdictions;

(c) decisions of the Indigenous Gaming Regulator (IGR) respecting on-reserve gaming such as bingo.

The Commission's primary role is serving as an independent and fair quasi-judicial appellate body mandated to ensure proper application of the legislation and regulations governing the liquor, gaming and horse racing industries, over which it has jurisdiction, while ensuring the fairness and integrity of those industries. Any licensed party who disagrees with a decision of SLGA, SIGA, SaskGaming or IGR that is within the Commission's jurisdiction has the right to apply to the Commission for a review. Except in unusual circumstances, the Commission stays the decision in issue pending the outcome of the Commission's review. Similarly, any individual (such as a casino patron) who has been involuntarily banned from a casino may request a review before the Commission.

During 2015-16, the Commission scheduled and heard 20 hearings to address the same number of requests for review of various decisions made by SLGA and SaskGaming. In order to accommodate the public, hearings are scheduled whenever possible at the nearest major centre in the province to the cause of action. Eleven hearings were held in Regina and nine hearings were held in Saskatoon.

The applications have included reviews of SLGA's decisions to suspend liquor permits of various establishments, to cancel certificate of registrations, to review involuntary casino bans handed down by SaskGaming and to review suspensions of licences relating to issues in contravention of the Rules of Racing in the horse racing industry. As well, the Commission reviews objections by the public to the granting of permits. The Commission may decline to hear objections to liquor applications that are competition based, frivolous or vexatious. During 2015-16, there was one objection hearing held.

Of the 20 hearings held during the past fiscal year, six were liquor related, comprised of five assessments of penalties and suspensions and one objection hearing; four were gaming related comprised of denial and cancellation of certificates of registration; and three hearing reviews were in regard to casino admission bans, all of those sanctions being enforced by the SaskGaming. There were seven hearings held with respect to horse racing, (including one re-hearing), involving violation of the horse racing rules.

The Commission provides written reasons for its review on the merits of all matters it hears. These written decisions are a matter of public record, and are maintained in the office of the Commission Registrar.

The Commission members as of March 31, 2016:

Elaine R. Morgan, Chairperson, Gainsborough
Rod Sexsmith, Vice-Chairperson, Prince Albert
Sid Katzman, Secretary, Saskatoon
Theodore (Ted) Gleim, Member, Eastend
Cindy Gross, Member, Swift Current

The Commission also has a part-time Registrar.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to SLGA regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up-to-date in the changing environment of administrative law and the industries it regulates through its own research.

Appendix F

2015-16 Results at a Glance

Financial	
SLGA net income	$505.1M
SIGA net income	$87.1M
Total liquor sales	$641.1M
Liquor net income	$258.5M
VLT net income	$176.0M
VLT site commission	$36.1M
Franchise commission	$17.3M
Off-sale permittee beer discount	$11.0M
Structure and Organization	
Number of SLGA employees	933
Number of retail liquor stores	75
Number of communities with SLGA stores	60
Number of off-sale outlets	442
Number of rural liquor franchises	188
Number of full-line private stores	4
Total number of liquor outlets	709
Regular listed products available to SLGA liquor stores, franchises, private stores	2,705
Additional products sold through franchises, private stores	3,017
Total retail products available	5,722
Number of casinos	8
Number of slot machines in SIGA casinos	2,120
Number of slot machines in SaskGaming casinos	1,059
Number of VLTs	3,992
Number of communities with VLTs	298
Number of VLT sites	607
Compliance and Licensing	
Number of commercial liquor permittees	2,065
Number of special occasion permits issued	17,426
Number of sanctions (liquor, gaming and horse racing)	275
Number of registered gaming employees	3,360
Number of registered gaming suppliers	98
Charitable Gaming and Horse Racing	
Total number of bingo, raffle, breakopen, charitable gaming event, Texas Hold'em and Monte Carlo licences	4,554
Number of bingo halls	10
Total gross bingo sales	$17.0M
Total gross raffle sales	$61.3M
Total gross breakopen sales	$2.5M
Total gross charitable gaming event sales	$39.8M
Total gross Texas Hold'em and Monte Carlo event sales	$0.3M
Total net proceeds to charity (bingo, raffle, Texas Hold'em and Monte Carlo)	$29.4M
Total grants paid to charitable gaming licensees	$6.8M
Total provincial handle (all horse racing wagers)	$7.4M

All data as of March 31, 2016.